

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Business Opportunity Fraud Act
Washington by:

Imergent, Inc.; StoresOnline, Inc.; John J.
Poelman; Brandon Lewis; Donald Danks; Charles
Andrews; their agents and employees,

Respondents.

S-03-010-03-CO01

CONSENT ORDER AND ORDER VACATING
SUMMARY ORDER TO CEASE AND DESIST
NUMBER S-03-010-03-TO01 AS TO
IMERGENT, INC., STORESONLINE, INC.
JOHN J. POELMAN, BRANDON LEWIS, AND
CHARLES ANDREWS

CASE NUMBER S-03-010

INTRODUCTION

Pursuant to the Business Opportunity Fraud Act of Washington, RCW 19.110, the Securities Division of the Department of Financial Institutions and Imergent, Inc., StoresOnline, Inc., John J. Poelman, Brandon Lewis, and Charles Andrews do hereby enter into this CONSENT ORDER in settlement of the matters set forth herein. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

FINDINGS OF FACT

I. Respondents

1. Imergent, Inc. ("Imergent") is a Delaware corporation with its principal place of business at 754 E. Technology Avenue, Orem, Utah 84097. Imergent is in the business of selling Internet merchant services through its Stores Online subsidiary.

2. StoresOnline, Inc. (“StoresOnline”) is Imergent’s subsidiary, with its principal place of business at 754 E. Technology Avenue, Orem, Utah 84097. StoresOnline is in the business of selling Internet merchant services.

3. John J. Poelman (“Poelman”) was the Chief Executive Officer of Imergent at all times relevant to the matters set forth herein.

4. Brandon Lewis (“Lewis”) was the President of Imergent at all times relevant to the matters set forth herein.

5. Donald Danks (“Danks”) was Imergent’s Chairman of the Board at all times relevant to the matters set forth herein.

6. Charles Andrews (“Andrews”) was a salesperson for Imergent and acting as an agent for Imergent, StoresOnline, Poelman, Lewis, and Danks at all times relevant to the matters set forth herein.

II. Contentions

7. A Washington resident attended a StoresOnline Seminar in February 2002. At that seminar, Imergent and StoresOnline allegedly featured a jewelry storeowner who stated that he made \$25,000 a month using Imergent and StoresOnline's Internet merchant package. Furthermore, it is alleged that Imergent and StoresOnline stated that if the Washington resident did not make his money back in 90 days, he could call StoresOnline and StoresOnline would help the Washington resident get his money back.

8. It is alleged that Imergent and StoresOnline represented that the Washington resident could purchase three websites and an e-commerce account for \$3,600. Imergent and StoresOnline offered to sell the Washington resident tools for \$99 to \$199 in order to increase traffic to the Washington resident's website. The package offered by Imergent and StoresOnline included an

1 optional \$150 hosting fee. It is alleged that respondents Imergent and StoresOnline told the
2 Washington resident that he could purchase expert website design from StoresOnline for an additional
3 \$50 an hour.

4 9. In February 2002, Imergent and StoresOnline sold an Internet merchant services
5 program to the Washington resident and failed to disclose material information regarding the business
6 opportunity, including, but not limited to:

- 7 i. The contract failed to state "Do not sign this contract if any spaces for agreed
8 terms are blank. Do not sign this contract unless you receive a written
9 disclosure. You are entitled to a copy of this contract an the time you sign
10 it."
11
12 ii. The contract failed to state "Do not sign this contract unless you received a
13 written disclosure document from the seller at least forty-eight hours before
14 signing."
15
16 iii. The contract failed to state "You are entitled to a copy of this contract at the
17 time you sign it."
18
19 iv. The contract failed to notify the prospective purchaser that he has seven days
20 to cancel the contract for any reason.

21 10. In February 2002, Imergent and StoresOnline sold an Internet merchant services
22 program to the Washington resident and failed to provide a written disclosure document, including but
23 not limited to:

- 24 i. Business history
25
26 ii. Litigation history
27

iii. Current financial statements

11. On December 16, 2002, Imergent sent an email to a second Washington resident which stated:

FREE DINNER CONFERENCE in OLYMPIA
VIP RESERVATIONS FOR TWO

Learn how to make money in the Olympia Area!
Enjoy Dinner hosted by the country's leading Internet Instructors!

Click here: iregnow.com
OR Call: 1-800-715-6152 ext. 2991

12. After following the link to register for the conference, the second Washington resident found the following advertisement:

"Begin to learn the little known secrets to creating wealth on the Internet in as little as 90 minutes"

"When you use our complimentary, no obligation, 90 minute conference, you'll understand how you can tap into our turnkey Internet cash flow systems"

"The conference will be presented by StoresOnline, Inc., widely recognized as the premier Internet training organization in the country today. Discover the facts!"

13. The second Washington resident attended the StoresOnline seminar in Washington. At the seminar, Andrews solicited the second Washington resident to attend another full day workshop for \$35. At the seminar, Respondents, through their agent Andrews, told the second Washington resident that they would provide him with Internet merchant services that would teach the second Washington resident how to earn money by selling products on the World Wide Web. Imergent and StoresOnline would provide "its customers the ability to (i) acquire a presence on the internet and (ii) to advertise and sell their products or services on the Internet." This system had three parts. First, Respondents told the second Washington resident that they would show him how to build a website

1 using their template/software. Second, Respondents promised to provide the second Washington
2 resident with information about how to draw traffic to the website in order to market a product. Finally,
3 it is alleged that Respondents promised the second Washington resident that they would teach him to
4 market his website to other businesses that wished to sell their products on the Internet.

5 14. Respondents, through their agent Andrews solicited the second Washington resident
6 to become a StoresOnline Active Merchant by paying a \$2,400 maintenance fee.

7 15. Andrews allegedly told the second Washington resident that Andrews did not know of
8 an investor who had not earned their investment back in one year. Andrews told numerous stories of
9 investors who made their money back in less than 90 days.
10

11 **III. Registration Status**

12 16. Respondents Imergent and StoresOnline have not been and are not currently registered to
13 sell business opportunities in the state of Washington.
14

15 Based upon the above Findings of Fact, the following Conclusions of Law are made:

16 **CONCLUSIONS OF LAW**

17 1. The offer and/or sale of Internet merchant package, as described in the findings of fact,
18 allegedly constitutes the offer and/or sale of a business opportunity as defined in RCW 19.110.020(1).
19

20 2. The offer and/or sale of said business opportunities, as described in the findings of fact,
21 allegedly were made in violation of RCW 19.110.050, the registration provision of the Business
22 Opportunity Fraud Act.
23

3. The offer and/or sale of said business opportunities, as described in the findings of fact, allegedly were made in violation of RCW 19.110.110, the contract provision of the Business Opportunity Fraud Act.

4. The offer and/or sale of said business opportunity, as described in the findings of fact, allegedly were made in violation of RCW 19.110.120, the antifraud provision of the Business Opportunity Fraud Act.

5. The offer and/or sale of said business opportunity, as described in the findings of fact, allegedly were made in violation of RCW 19.110.070, the disclosure document provision of the Business Opportunity Fraud Act.

CONSENT ORDER

Based upon the foregoing and the consent of all parties to the entry of this Order, for the sole purpose of settling this matter prior to a hearing and without admitting or denying any of the tentative findings of fact or conclusions of law:

IT IS AGREED AND ORDERED that Respondents, Imergent, Inc., StoresOnline, Inc., John J. Poelman, Brandon Lewis, and Charles Andrews, their agents and employees each agree not to violate RCW 19.110.050, the registration section of the Business Opportunity Fraud Act of the State of Washington.

IT IS FURTHER AGREED AND ORDERED that Respondents, Imergent, Inc., StoresOnline, Inc., John J. Poelman, Brandon Lewis, and Charles Andrews, their agents and employees each agree violate RCW 19.110.110, the contract section of the Business Opportunity Fraud Act of the State of Washington.

1 IT IS FURTHER AGREED AND ORDERED that Respondents, Imergent, Inc., StoresOnline, Inc.,
2 John J. Poelman, Brandon Lewis, and Charles Andrews, their agents and employees each agree not to
3 violate RCW 19.110.120, the anti-fraud section of the Business Opportunity Fraud Act of the State of
4 Washington.

5 IT IS FURTHER AGREED AND ORDERED that Respondents, Imergent, Inc., StoresOnline, Inc.,
6 John J. Poelman, Brandon Lewis, and Charles Andrews, their agents and employees each agree not to
7 violate RCW 19.110.070, the disclosure document section of the Business Opportunity Fraud Act of the
8 State of Washington.

9 IT IS FURTHER AGREED AND ORDERED The Securities Division hereby vacates Summary
10 Order to Cease and Desist number S- 03-010-03-TO01 as to Respondents, Imergent, Inc., StoresOnline,
11 Inc., John J. Poelman, Brandon Lewis, and Charles Andrews. No part of the Summary Order or this
12 Consent Order shall be used for any purpose by anyone hereinafter. No person or entity not a party to
13 this Consent Order may use this Consent Order or any part of this proceeding, including any part of the
14 vacated prior Summary Order, in any other proceeding.
15

16 IT IS FURTHER AGREED that prior to the entry of this Consent Order, Respondents, Imergent,
17 Inc., StoresOnline, Inc., John J. Poelman, Brandon Lewis, and Charles Andrews shall fully refund all
18 funds received from the two specific Washington residents who purchased products or services from
19 StoresOnline, Inc. and filed written complaints with the Securities Division prior to October 1, 2003.
20 Respondents shall fully refund these funds within thirty (30) days of entry of this Consent Order.
21 Respondents shall then promptly provide the Securities Division with written proof of these payments.
22

1 IT IS FURTHER AGREED that the Securities Division may, at its discretion, deliver a copy of this
2 order to every resident of the State of Washington who purchased products or services from
3 Respondents.

4 IT IS FURTHER AGREED that Respondents, Imergent, Inc., StoresOnline, Inc., John J. Poelman,
5 Brandon Lewis, and Charles Andrews, shall be jointly and severally liable for and shall pay the
6 Securities Division one thousand five hundred dollars (\$1,500) for its costs incurred in its investigation
7 of this matter. Said payment must be made to the Division prior to the entry of this Order.

8 IT IS FURTHER AGREED that should Respondents, Imergent, Inc., StoresOnline, Inc., John J.
9 Poelman, Brandon Lewis, and Charles Andrews fail to provide the required refunds and proof of payment of
10 such refunds as required by the terms of this Consent Order, the Securities Division reserves the right to
11 reinstate Summary Order to Cease and Desist number S-03-010-03-T001.
12

13 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

14 IT IS FURTHER AGREED that in consideration of the foregoing Respondents, Imergent, Inc.,
15 StoresOnline, Inc., John J. Poelman, Brandon Lewis, and Charles Andrews, each waive their rights to a
16 hearing in this matter and judicial review of this order.
17

18
19 SIGNED this 15 day of December, 2003.

20 Signed by:

21 Imergent, Inc.
22

23
24 By /s/ Brandon Lewis

25 CONSENT ORDER

1 Brandon Lewis,
2 President, COO

3
4 Signed by:

5 StoresOnline, Inc.
6

7 By /s/ Brandon Lewis

8 Brandon Lewis,
9 President, COO

10 Signed by:

11 /s/ John J. Poelman

12 John J. Poelman, individually
13

14 Signed by:

15 /s/ Brandon Lewis

16 Brandon Lewis, individually
17

18
19 Signed by:

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21 /s/ Donald Danks

22 Donald Danks, individually
23

24 Signed by:

25 CONSENT ORDER

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2
3 /s/ Charles Andrews
4 Charles Andrews, individually
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12 SIGNED and ENTERED this 19th day of January, 2004
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16 Deborah R. Bortner
17 Securities Administrator

18 Approved by:

19 Presented by:

20 
21

22 Michael E. Stevenson
23 Chief of Enforcement

24 
25

26 Susan H. Anderson
27 Financial Legal Examiner

[The signed hard copy contains redactions not shown on this electronic version.]